

Townsend, Elliott & Munson

Attorneys at Law

1600 Western Savings Bank Building

Broad and Chestnut Streets

Philadelphia, Pennsylvania 19107

215-545-3700

Cable: Jaybee

HARRISBURG AREA OFFICE
5007-A CARLISLE PIKE
MECHANICSBURG, PA. 17055
717-761-8210

7-235A079

ALC.

Aug 23 1977

8946

Filed & Recorded

RECORDATION NO.

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D. C.

RECORDATION NO. 8946

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INTERSTATE COMMERCE COMMISSION

August 23, 1977

INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate Commerce Commission
ICC Building
12th and Constitution Avenue, N.W.
Washington D.C. 20423

Attention: Mrs. Mildred Lee
Room 1227

Gentlemen:

I enclose herewith for filing pursuant to section 20c of the Interstate Commerce Act two counterpart originals of a Security Agreement, Assignment of Lease and Management Agreement and Covenant Agreement dated August 23, 1977 (the "Security Agreement") between The Philadelphia National Bank and Jacobson-Larson Investment Company. Pursuant to the Security Agreement, Jacobson-Larson Investment Company grants and assigns to The Philadelphia National Bank a security interest in thirty (30) new 50', 70 ton Rigid Underframe Outside Stake Boxcars with 10' Sliding Doors, with reporting numbers NSL 100874 through 100903 inclusive. Also pursuant to the Security Agreement, Jacobson-Larson Investment Company assigns to The Philadelphia National Bank its rights, title and interests in a Lease and Management Agreement dated July 13, 1977 (the "Lease") between Jacobson-Larson Investment Company and National Railway Utilization Corporation. The names and addresses of the parties to the transaction are as follows:

Mortgagor
Assignor of Lease

Jacobson-Larson Investment Company
P.O. Box 224
Des Moines, Iowa 50301

Mortgagee
Assignee of Lease

The Philadelphia National Bank
Broad & Chestnut Streets
Philadelphia, Pennsylvania 19107

RECEIVED

AUG 23 2 45 PM '77

I.C.C.

OPERATION BR.

Handwritten signature: Townsend

Townsend, Elliott & Munson

Secretary of the Interstate
Commerce Commission
August 23, 1977
Page 2

Guarantors

Jacobson Warehouse Company
Richard O. Jacobson
Lawrence E. Larson et ux
c/o Jacobson-Larson Investment Company
P.O. Box 224
Des Moines, Iowa 50301

Also enclosed for filing pursuant to section 20c of the Interstate Commerce Act are two counterpart originals of the Lease and Management Agreement dated July 13, 1977 between Jacobson-Larson Investment Company and National Railway Utilization Corporation covering the 30 Boxcars referred to above. The names and addresses of the parties to the transaction are as follows:

Lessor

Jacobson-Larson Investment Company
P.O. Box 224
Des Moines, Iowa 50301

Lessee

National Railway Utilization Corporation
860 Suburban Station
1617 John F. Kennedy Boulevard
Philadelphia, Pennsylvania 19103

Our firm's check in the amount of \$100 made payable to the Interstate Commerce Commission is enclosed for the recordation fee for the Security Agreement and for the Lease. Please return an original Security Agreement and an original Lease with recording information stamped thereon to the undersigned.

Very truly yours,

Winston Walp II

Winston W. Walp II

WWW:vlg

Interstate Commerce Commission
Washington, D.C. 20423

8/23/77

OFFICE OF THE SECRETARY

**Winston W. Walp 11
Townsend, Elliott & Munson
1600 Western Saving Bank Building
Broad And Chestnut Street
Phila. Pa. 19107**

Dear

Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on **8/23/77** at **2:50pm**,
and assigned recordation number(s) **8946 & 8946-A**

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

**SE-30-T
(6/77)**

LEASE AND MANAGEMENT AGREEMENT AUG 23 1977 - 2 50 PM

INTERSTATE COMMERCE COMMISSION

AGREEMENT, made this 13th day of July, 1977, between National Railway Utilization Corporation (NRUC) and Jacobson-Larson Investment Company (Lessor);

W I T N E S S E T H:

WHEREAS, Lessor desires to lease to and place under the management of NRUC the boxcars described in any schedules from time to time attached hereto (the Boxcars); and

WHEREAS, NRUC is willing to lease the Boxcars from Lessor and assume and perform the management duties described herein, subject to the terms hereof, and to pay the rent provided herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

1. Scope of Agreement. Lessor agrees to deliver and lease the Boxcars to NRUC to be leased and managed by NRUC and placed in the service of a railroad controlled by NRUC or with which NRUC has entered a per diem lease subject to the terms of this Agreement.

2. Description of Boxcars. The Boxcars subject to this Agreement shall be a minimum of 65 Boxcars of the type and description set forth in any schedules executed by the parties at the time of execution of this Agreement or from time to time hereafter. The word "schedule" as used herein includes the schedule attached hereto at the time of execution and all additional schedules and amendments thereto whether for Boxcars or other railroad equipment, either of which when signed by both parties shall become part of this Agreement. It is the intent of the parties that Lessor shall at all times be and remain the owner of the Boxcars subject to the rights of NRUC hereunder and of the railroad whose markings are placed upon the Boxcars to utilize the Boxcars in its service until this Agreement is terminated subject to the provisions of this Agreement.

3. Term. This Agreement shall remain in force until it shall have been terminated as to all of the Boxcars. The term of this Agreement with respect to each Boxcar shall commence upon the

date of delivery of such Boxcar as provided in Paragraph 4 and shall continue for not less than ten (10) years, unless sooner terminated as hereinafter provided. Lessor shall have an option upon the conclusion of the primary term to extend this Agreement for an additional term of five (5) years upon the same terms and conditions. Notice of the exercise of this option shall be given to NRUC in writing not later than six (6) months prior to the expiration of the ten (10) year term.

4. Delivery and Acceptance of Cars. NRUC shall have the right to approve the manufacturer for all Boxcars made subject to this Agreement and may, in its sole discretion, specify that some or all of the cars be manufactured by the Golden Tye shops, provided that the price of the Boxcars shall be at the then current price for comparable boxcars manufactured by Golden Tye which price shall not exceed by more than ten (10%) percent the cost of comparable cars manufactured by other boxcar manufacturers.

Upon inspection by NRUC, if NRUC approves the manufacturer and if the Boxcars conform to any specifications prescribed by NRUC or by any governmental agency having jurisdiction and if this Agreement has not been terminated, NRUC will accept delivery of and lease such Boxcars and shall notify Lessor in writing of such acceptance.

5. Management Duties. The management functions to be performed by NRUC at its expense shall include those set forth in this Paragraph 5 and such other functions and duties as shall be agreed upon by the parties:

A. NRUC shall manage and arrange for the utilization of the Boxcars and shall perform all necessary administrative acts to ensure the proper utilization of said Boxcars and the protection of the Lessor's interest therein.

B. NRUC shall make available for the Boxcars the markings of a railroad controlled by NRUC or with which NRUC has executed a per diem lease. Lessor agrees that on or before delivery of the Boxcars to NRUC, the Boxcars shall be lettered with such railroad markings and the name and/or other insignia used by such railroad. Such name or insignia shall comply with all applicable regulations. The NRUC logotype insignia shall be affixed to each side of the cars in standard size.

C. NRUC shall prepare all documents for filing relating to the registration, maintenance and record keeping functions related to the use of the Boxcars in accordance with AAR railroad interchange agreements. Such matters shall include, but are not limited to, the preparation of the following documents: (i) appropriate AAR interchange agreements with respect to the Boxcars; (ii) registration for each Boxcar in the Official Railway Equipment Register and the Universal Machine Language Equipment Register directing, inter alia, that all correspondence from railroads using such Boxcars shall be addressed to NRUC; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies with respect to the Boxcars. Any record keeping performed by NRUC and all record of payments, charges and correspondence related to scheduled Boxcars shall be separately recorded and maintained by NRUC in a form suitable for reasonable inspection by Lessor from time to time during regular business hours of NRUC. NRUC shall supply Lessor with such reports regarding the use of the Boxcars as Lessor may reasonably request.

D. NRUC shall perform all car accounting services for the Boxcars and send reports to Lessor on a quarterly basis itemizing all revenues by Boxcar number and, if requested, itemizing mileage by state to the extent possible.

E. Except for property taxes, NRUC will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Boxcar during the term of this Agreement, including but not limited to all liability and property damage insurance, government fees, repairs, maintenance and servicing. Lessor hereby transfers and assigns to NRUC for and during the term of this Agreement all of its right, title and interest in any warranty in respect to the Boxcars. Any recovery under such warranty shall be made payable to NRUC. All proceeds from such recovery shall be used to repair or replace the Boxcars.

F. NRUC shall make or cause to be made such inspections of and maintenance and repairs to the Boxcars as may be required. NRUC shall also make or cause to be made at its expense, all alterations, modifications, or replacements of parts as shall be necessary to maintain the Boxcars in good operating condition (ordinary wear and tear excepted), as determined by NRUC, throughout the term of this Agreement. NRUC shall be responsible for arranging repairs and maintenance at its expense.

It is understood and agreed that NRUC is managing Boxcars for its own account and that NRUC may have conflicts of interest between the management of Lessor's Boxcars and other Boxcars owned, controlled or managed by NRUC. Although there can be no assurance that the Lessor's Boxcars will earn revenues equal to those of other Boxcars owned, controlled or managed by NRUC, NRUC agrees to use reasonable efforts to integrate the Boxcars of Lessor into the fleet of Boxcars controlled by NRUC and to manage the Boxcars in a manner consistent with the management by NRUC of Boxcars for its own account. NRUC shall have no liability under this Agreement except for misfeasance, bad faith or gross mismanagement.

6. Rental Charges. In consideration of the use of the leased Boxcars, NRUC agrees to pay quarterly the following rental charges to Lessor for the use of Lessor's Boxcars:

A. All of the mileage charges and car hire revenues (including both straight and incentive per diem) payable to NRUC or its subsidiary, Pickens Railroad, with respect to the Boxcars.

B. NRUC shall have no liability for any reclaims by any railroad of any car hire charges at any time.

C. NRUC may withhold from such rental charges the management and maintenance fees provided in Paragraphs 7 and 8.

Such rental charges shall be payable quarterly in arrears commencing on the first day of the third month following the end of the calendar quarter in which the cars are delivered and continuing quarterly thereafter.

7. Management Fees. In consideration for the management services to be performed by NRUC, Lessor agrees to pay \$4.20 per Boxcar for each day during the term of this Agreement, provided, however, that in the event the utilization rate in any calendar quarter averaged for all Boxcars subject to this Agreement is less than 86%, the management fee shall be reduced by six (6) cents per day per Boxcar for each one (1%) percent or portion thereof by which the utilization rate shall be less than 86% to a minimum daily charge per Boxcar of \$2.40 per Boxcar per day at 56% utilization. The management fee shall under no circumstances be less than \$2.40 per Boxcar per day. In the event the ICC during the term of this Agreement shall increase the aggregate car hire revenue (including incentive per diem) and mileage rates, NRUC shall be entitled to additional daily management fees equal to 50% of the increase in such car hire and mileage rates.

8. Maintenance Fee. Lessor shall pay to NRUC a maintenance fee of \$1.81 per Boxcar per day during the term of this Agreement. The maintenance fees shall be held in escrow by NRUC in an account completely segregated from all other funds of NRUC. The funds in such account shall only be used for maintenance. At the

termination of this Agreement any funds not expended for maintenance shall be retained by NRUC, provided, however, Lessor shall have the right to inspect the Boxcars at the termination of this Agreement to determine that the Boxcars are in good working order and repair (normal wear and tear excepted) and NRUC shall cause to be made at its expense such repairs as are necessary to restore the Boxcars to such condition. The maintenance fee shall be subject to increase (but not decrease) as follows:

If the prevailing Labor Rate established by the Association of American Railroads and in effect upon the expiration of each month from and after the date hereof shall differ from the Current Labor Rate of \$ 17.98, the maintenance fee shall be adjusted to be the product obtained by multiplying the maintenance fee by a fraction, the numerator of which is the Prevailing Labor Rate and the denominator of which is the Current Labor Rate, and the per car maintenance fee shall be revised to be the sum of \$1.81 per day and the adjusted maintenance fee. Any such adjustment shall be instituted by notice from NRUC to Lessor and shall take effect with respect to maintenance fees coming due next after the date of such notice; provided, however, that no adjustment shall be made which would reduce the maintenance fee below the initial maintenance fee.

9. Insurance. NRUC will at all times while this Agreement is in effect and at its own expense, cause to be carried and maintained insurance with respect to all Boxcars subject hereto, and all risks, physical loss or damage insurance in an amount sufficient to satisfy the remaining principal balance of debt, and public liability insurance in amounts and against risks customarily insured against NRUC on similar equipment. NRUC will furnish Lessor concurrently with the execution hereof and thereafter at intervals of not more than twelve (12) calendar months proof of insurance coverage for the ensuing year. NRUC will agree to advise Lessor promptly of any lapse of any such insurance or of any default of payment of any premium and of any other act or omission of NRUC of which it has knowledge which might, in its opinion, invalidate or render unenforceable, in whole or in part, any insurance on the Boxcars. All insurance

shall be taken out in the name of NRUC and Lessor (or its assignee) as their interests may appear. The policies or certificates shall provide that there shall be no recourse against Lessor for the payment of premiums and shall provide for at least twenty (20) business days prior written notice to be given to Lessor by the underwriters in the event of cancellation. If NRUC shall default in the payment of any premium in respect of any such insurance policies, Lessor may, but shall not be obliged to, pay such premium, and if Lessor does so, NRUC shall repay the amount thereof to Lessor on demand.

10. Possession and Use. NRUC shall be entitled to the possession of the Boxcars and shall also be entitled (i) to the use of the Boxcars by it or any affiliate upon lines of railroads owned or operated by it or any affiliate or upon lines of railroads over which NRUC or any such affiliate has trackage or other operating rights or over which railroad equipment of NRUC or any such affiliate is regularly operated pursuant to contract; (ii) to permit the use of the Boxcars upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements; and (iii) to sublease any Boxcar or Boxcars to other companies incorporated under the laws of any state of the United States or the District of Columbia, for use in connection with their operations, but only upon and subject to all the terms and conditions of this Lease; provided, however, that NRUC shall not assign or permit the assignment of any Boxcar to service involving the regular operation and maintenance thereof outside the United States of America.

NRUC agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and order of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either Lessor or NRUC may in good faith and by appropriate proceedings contest the application of any such rule, regulation, or order in any reasonable manner at the expense of the contesting party. NRUC will not directly or indirectly

create, incur, assume or suffer to exist, any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreement or Schedule thereto. NRUC will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time by persons claiming through or under NRUC.

11. Default.

A. The occurrence of any of the following events shall be events of default:

(i) The nonpayment by either party of any sum required hereunder to be paid by the other party within ten days after notice thereof;

(ii) The default by either party under any other term, covenant, or condition of this Agreement which is not cured within ten days after notice thereof from such party.

(iii) Any affirmative act of insolvency by NRUC, or the filing by NRUC of any petition or action under any bankruptcy, reorganization, insolvency, or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against NRUC that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of NRUC, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of the property of NRUC to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency which substantially impairs the capacity of NRUC to fulfill its performance under this Agreement.

B. NRUC hereby agrees to give Lessor prompt notice of any event specified in sub-paragraphs A(iii) through A(v) of this paragraph 11.

12. Remedies Upon Default. Upon the occurrence of any event of default, Lessor may, at its option, terminate this Agreement and may:

A. Proceed by appropriate court action to enforce performance by NRUC of this Agreement or to recover direct financial damages which result from a breach thereof (and NRUC agrees to bear Lessor's costs and expenses, including reasonable attorney's fees, in securing such enforcements); or

B. By notice in writing to NRUC, terminate the right of possession of NRUC of the Boxcars, whereupon all right and interest of NRUC in the Boxcars shall terminate; and thereupon Lessor may by its agents enter upon any premises where the Boxcars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of NRUC.

C. Upon the occurrence of breach of this Agreement by Lessor, NRUC may proceed by appropriate court action to enforce performance by Lessor of this Agreement or to recover direct financial damages which might result from a breach thereof (and Lessor agrees to bear the costs and expenses of NRUC, including reasonable attorney's fees, in securing such enforcements).

13. Termination. At the expiration or termination of this Agreement (except termination by Lessor by reason of default by NRUC under paragraph 11) as to any Boxcars set forth on a Schedule attached herein, NRUC will surrender possession of such Boxcars to Lessor by delivering the same to Lessor. The assembling, delivery, storage, and transporting of the Boxcars shall be at the expense and risk of Lessor. A Boxcar shall be deemed terminated and no longer subject to this Agreement upon removal of the railroad markings from the Boxcar placed thereon by NRUC and the placing thereon of such markings as may be designated by Lessor.

If such Boxcars are on the railroad line of NRUC or its affiliates upon such expiration or termination or are subsequently returned to NRUC's railroad line, NRUC shall grant immediate access to Lessor or Lessor's agents to remove the railroad markings from the Boxcars and place thereon such markings as may be designated by Lessor. NRUC will arrange for storage of such Boxcars for up to ninety (90) days at Lessor's expense; provided, however, that if storage cannot be arranged, Lessor shall cause the Boxcars to be removed from the line of NRUC or its affiliates within ninety (90) days from the termination of this Agreement; as to any such Boxcar not removed within such ninety (90) day period, NRUC shall have the right to ship the Boxcars under a scrap waybill.

If such Boxcars are not on the railroad line of NRUC or its affiliates upon termination, all costs of assembling, delivering, storing, and transporting such Boxcars, except as provided above, to NRUC's railroad line or the railroad line of a subsequent lessee shall be borne by Lessor.

From and after termination of this Agreement with respect to any Boxcar and until its return to Lessor, all revenues earned by such Boxcar shall be paid to Lessor after deducting the management fee provided in Paragraph 7. At the termination of this Agreement as to any Boxcars set forth on a Schedule attached herein by reason of the default of NRUC under Paragraph 11, the cost of assembling, delivery, storage and transportation of the Boxcars shall be at the expense and risk of NRUC.

14. Indemnities. NRUC will defend, indemnify and hold harmless Lessor from and against:

A. Any and all loss or damage of or to the Boxcars, usual wear and tear excepted;

B. Any claim, cause of action, damage, liability, cost or expense (including legal fees and costs to which the Boxcars may be subject or which may be incurred in any manner by or for the account of any such Boxcar) as a result of the use, maintenance, repair, replacement, operation or the condition thereof, except personal property taxes.

15. Warranties and Covenants. NRUC represents, warrants and covenants that:

A. NRUC is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

B. The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to NRUC, or result in any breach of or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of NRUC or on the Boxcars pursuant to any instrument to which NRUC is a party or by which it or its assets may be bound.

C. There is no action or proceeding pending or threatened against NRUC before any court or administrative agency or other governmental body which might result in any material adverse effect on the business properties and assets, or conditions, financial or otherwise, of NRUC.

D. There is no fact which NRUC has not disclosed to Lessor in writing, nor is NRUC a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as NRUC can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of NRUC or the ability of NRUC to perform its obligations under this Agreement.

E. NRUC or its affiliated railroad is eligible and entitled to collect incentive per diem charges on the Boxcars in the possession of other railroads and to apply the incentive per diem charges to the payment of all rentals due under this Lease.

F. Neither NRUC nor its counsel know of any requirements for recording, filing or depositing this Agreement other than pursuant to Section 20c of the Interstate Commerce Act, which is necessary to preserve or protect the title of Lessor or its assignee or mortgagee, in the United States of America.

Upon request of Lessor or its assignee or mortgagee at any time or times, NRUC shall deliver to Lessor an opinion of its counsel addressed to Lessor or its assignee or mortgagee, in form and substance satisfactory to Lessor or its assignee or mortgagee, which opinion shall confirm and be to the effect of the matters set forth in this Paragraph 15 A through F.

16. Sublease and Assignment.

A. NRUC shall not have the right to assign this Lease.

B. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to NRUC. This Lease and NRUC's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering the cars heretofore or hereafter created by Lessor. If Lessor shall have given written notice to NRUC stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by NRUC hereunder, NRUC shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by NRUC or an assignment by Lessor shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

17. Disposition Upon Expiration. Upon the expiration of the initial Lease term or the five (5) year extension thereof, whichever is later, Lessor may sell or lease the Boxcars or shall have the option of abandoning the Boxcars. Lessor shall give written notice as to which option it elects no later than six (6) months prior to the expiration of the initial Lease term or the five (5) year extension thereof. In the event the Lessor fails to give such notice, it shall be deemed to have abandoned the Boxcars and title thereto shall pass automatically to NRUC at the expiration of the Lease term or extension thereof. In the event Lessor elects to

sell or lease the Boxcars, NRUC shall be the exclusive agent for such sale or lease. In the event of disposition by lease, NRUC shall receive as a commission for its services 20% of the lease revenues. In the event of a disposition by sale, Lessor shall receive from the sales proceeds the first monies up to 5% of the original cost of the cars; NRUC shall receive from the next monies up to 5% of the original cost. Any sales proceeds in excess of 10% of the original cost shall be divided equally between NRUC and Lessor. All costs of transportation, assembly and storage incident to sale or lease shall be at the expense of the Lessor as provided in Paragraph 13.

18. Miscellaneous.

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

B. Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Lessor at: Post Office Box 224
Des Moines, Iowa 50301

NRUC at: 860 Suburban Station
1617 John F. Kennedy Boulevard
Philadelphia, Pennsylvania 19103

or at such other address as either party may from time to time designate by such notice in writing to the other.

C. NRUC shall keep the Boxcars free from any encumbrances or liens, which may be a cloud upon or otherwise affect the title of Lessor, which arise out of any suit involving NRUC or any act, omission or failure of NRUC or NRUC's failure to comply with the provisions of this Lease and shall promptly discharge any such lien, encumbrance or legal process. NRUC shall take all action requested by Lessor to confirm the interest of Lessor in the Boxcars as Lessor and that NRUC has no interest in the Boxcars other than as Lessee hereunder.

D. During the continuance of this Lease, Lessor shall have the right, at its own cost and expense, to inspect the Boxcars at any reasonable time or times wherever the Boxcars may be.

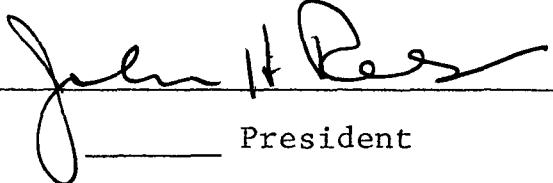
E. No failure or delay by either party shall constitute a waiver or otherwise affect or impair any right, power, or remedy available to such party nor shall any waiver or indulgence by either party or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof of the exercise of any other right, power or remedy.

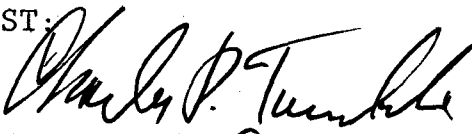
F. This Agreement shall be governed by and construed according to the laws of the State of South Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date above written.

NATIONAL RAILWAY UTILIZATION CORPORATION

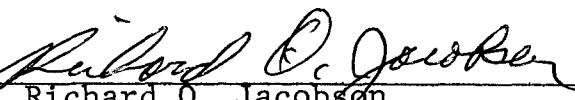
DATE: July 12, 1977

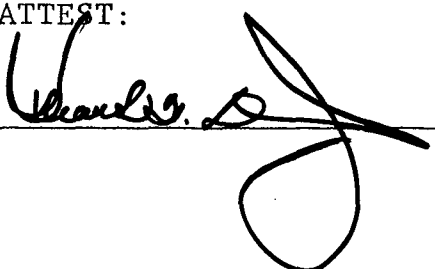
BY: 
President

ATTEST: 
Asst Sec.

JACOBSON-LARSON INVESTMENT COMPANY

DATE: 7-13-77

BY: 
Richard O. Jacobson
Partner ~~President~~

ATTEST: 

STATE OF)
COUNTY OF)

On this _____ day of _____, 1977, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is _____ President of _____, and _____, to me personally known to be the _____ Secretary of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission Expires: _____

STATE OF PENNSYLVANIA)
COUNTY OF PHILADELPHIA)

On this 12th day of July, 1977, before me personally appeared JOHN H. REES, to me personally known, who, being by me duly sworn, says that he is _____ President of National Railway Utilization Corporation, and CHARLES P. TURNBURE, to me personally known to be the Asst Secretary of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Thurday M. Shuman

Notary Public

My Commission Expires: March 11-1980

EXHIBIT A

LEASE SCHEDULE NO. _____

Lease Schedule, dated this 13th day of July, 1977, by and between National Railway Utilization Corporation (NRUC), and Jacobson-Larson Investment Company (Lessor).

The Boxcars described herein are leased to NRUC subject to the terms and conditions of that certain Lease and Management Agreement, of which this Schedule is a part, between NRUC and Lessor, dated July 13, 1977.

DESCRIPTION OF CAR: 50', 70 ton Rigid Underframe Outside Stake Boxcar with 10' Sliding Doors @ \$32,500 per car*.
NUMBER OF CARS: 65

REPORTING NUMBERS AND MARKS:

NSL 100854 through 100918
SPECIFICATION DESIGNATED BY LESSEE:

National Railway Utilization Corporation Specifications

PLACE OF DELIVERY:

Golden Tye Division of NRUC, Pickens, South Carolina

DATE OF DELIVERY:

Between August 1, 1977 and September 15, 1977

JACOBSON-LARSON INVESTMENT
COMPANY

BY: Richard C. Jacobson

NATIONAL RAILWAY UTILIZATION CORPORATION

BY: John H. Res

* Subject to verified escalation of parts supplied.

FOR THE LEGAL EFFECT OF THE USE
OF THIS FORM, CONSULT YOUR LAWYER

STATE OF IOWA, POLK COUNTY, ss:

On this 13th day of July, A. D. 1977, before me, the undersigned, a Notary Public
in and for the State of Iowa, personally appeared RICHARD O. JACOBSON

to me known to be the identical person~~x~~ named in and who executed the within and foregoing instrument, **to which**
this is attached, and acknowledged that ~~he~~^{he} ~~xxx~~^{his} executed the same as ~~his~~^{his} voluntary act and deed.



FRANK W. DAVIS, JR.
MY COMMISSION EXPIRES
SEPTEMBER 30, 1977

Richard O. Jacobson
Notary Public in and for the State of Iowa

IOWA STATE BAR ASSOCIATION

Official Form No. 11 (Trade-Mark Registered, State of Iowa, 1967)

P-2

This Printing: May 30, 1975



(Section 538.39, Code of Iowa)

AMENDMENT TO LEASE AND MANAGEMENT AGREEMENT

This Amendment dated as of August 23, 1977 to Lease and Management Agreement dated July 13, 1977 between National Railway Utilization Corporation ("NRUC") and Jacobson-Larson Investment Company ("Lessor") (hereinafter called the Lease and Management Agreement),

For value received, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Section 8 of the Lease and Management Agreement is hereby deleted in its entirety and the following is hereby substituted:

"8. Maintenance Fee. Lessor shall pay to NRUC a maintenance fee of \$1.81 per Boxcar per day during the term of this Agreement. The maintenance fees shall be held in escrow by NRUC in an account completely segregated from all other funds of NRUC. The funds in such account shall only be used for maintenance. At the termination of this Agreement any funds not expended for maintenance shall be retained by NRUC, provided, however, Lessor shall have the right to inspect the Boxcars at the termination of this Agreement to determine that the Boxcars are in good working order and repair (normal wear and tear excepted) and NRUC shall cause to be made at its expense such repairs as are necessary to restore the Boxcars to such condition. The maintenance fee shall be subject to increase (but not decrease) as follows:

If the prevailing Labor Rate established by the Association of American Railroads and in effect upon the expiration of each month from and after the date hereof shall differ from the Current Labor Rate of \$17.98, the maintenance fee shall be adjusted to be the product obtained by multiplying the maintenance fee by a fraction, the numerator of which is the Prevailing Labor Rate and the denominator of which is the Current Labor Rate. Any such adjustment shall be instituted by notice from NRUC to Lessor and shall take effect with respect to maintenance fees coming due next after the date of such notice; provided, however, that no adjustment shall be made which would reduce the

maintenance fee below the initial maintenance fee."

2. Section 16B of the Lease and Management Agreement is hereby deleted in its entirety and the following is hereby substituted:

"B. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to NRUC. This Lease and NRUC's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering the cars heretofore or hereafter created by Lessor.

By making this Lease and NRUC's rights hereunder subject and subordinate to any such chattel mortgage, security agreement or equipment trust, it is the intent of the parties hereto that the beneficiary of any such chattel mortgage, security agreement or equipment trust shall be entitled either to affirm and continue this Lease unchanged or to terminate this Lease, at its sole option, upon the occurrence of any default under any such chattel mortgage, security agreement or equipment trust and/or upon the exercise of any remedy, including but not limited to a public or private sale, provided for in such chattel mortgage, security agreement or equipment trust.

If Lessor shall have given written notice to NRUC stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by NRUC hereunder, NRUC shall thereafter make such payments to the designated assignee.

The making of a sublease by NRUC shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee."

3. Section 17 of the Lease and Management Agreement is hereby deleted in its entirety and the following is hereby substituted:

"17. Disposition Upon Expiration: Upon the expiration of the initial Lease term or the five (5) year extension thereof, whichever is later, Lessor may sell or lease the Boxcars or shall have the option of abandoning the Boxcars.

Lessor shall give written notice to NRUC as to which option it elects. If NRUC has not received such notice six (6) months prior to the expiration of the initial Lease term or the five (5) year extension thereof, NRUC shall promptly give written notice to Lessor requesting an indication of Lessor's election. NRUC shall also send a copy of such notice to any assignee, pledgee, mortgagee or transferee of Lessor's rights hereunder known to NRUC. If NRUC has not received notice of Lessor's election three (3) months prior to the termination of the Lease or any extension thereof, the Boxcars shall be deemed abandoned and title thereto shall pass automatically to NRUC at the expiration of the Lease term or extension thereof. In the event Lessor elects to sell or lease the Boxcars, NRUC shall be the exclusive agent for such sale or lease. In the event of disposition by lease, NRUC shall receive as a commission for its services 20% of the lease revenues. In the event of a disposition by sale, Lessor shall receive from the sales proceeds the first monies up to 5% of the original cost of the cars; NRUC shall receive from the next monies up to 5% of the original cost. Any sales proceeds in excess of 10% of the original cost shall be divided equally between NRUC and Lessor. All costs of transportation, assembly and storage incident to sale or lease shall be at the expense of the Lessor as provided in Paragraph 13."

4. Exhibit A to the Lease and Management Agreement is hereby deleted in its entirety and a new Exhibit A in the form attached hereto is hereby substituted.

5. All other provisions of the Lease and Management Agreement

shall remain in full force and effect.

IN WITNESS WHEREOF this Amendment has been duly executed
as of the date first above written.

NATIONAL RAILWAY UTILIZATION CORPORATION

Corporate Seal

Attest:

By:

President

Charles P. Truckee
DA Secretary

JACOBSON-LARSON INVESTMENT COMPANY

By:

Partner

Harold C. Jacobson

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

On this 22 day of August, 1977, before me personally appeared Ronald K Gooding, to me personally known, who, being by me duly sworn, says that he is Vice President of National Railway Utilization Corporation, and Charles P. Turnburke, to me personally known to be the Assistant Secretary of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

C. L. C. Kell

Notary Public

My commission expires: 11/19/79

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

On this 22 day of August, 1977, before me, the undersigned, a Notary Public in and for the State of South Carolina, personally appeared Richard O. Jacobson to me known to be the identical person named in and who executed the within and foregoing instrument, to which this is attached, and acknowledged that he executed the same as his voluntary act and deed.

C. L. C. Kell

Notary Public in and for the State of
South Carolina

My commission expires: 11/19/79

EXHIBIT A

LEASE SCHEDULE NO. 1

Lease Schedule, dated this 23rd day of August, 1977,
by and between National Railway Utilization Corporation ("NRUC"),
and Jacobson-Larson Investment Company ("Lessor").

The Boxcars described herein are leased to NRUC subject
to the terms and conditions of that certain Lease and Management
Agreement, of which this Schedule is a part, between NRUC and
Lessor, dated July 13, 1977, as amended August 23, 1977.

DESCRIPTION OF CAR: 50', 70 ton Rigid Underframe Outside Stake
Boxcar with 10' Sliding Doors @ \$34,000
per car*.

NUMBER OF CARS: 30

REPORTING NUMBERS AND MARKS:

NSL 100874 through 100903
SPECIFICATION DESIGNATED BY LESSEE:

National Railway Utilization Corporation Specifications.

PLACE OF DELIVERY:

Golden Tye Division of NRUC, Pickens, South Carolina.

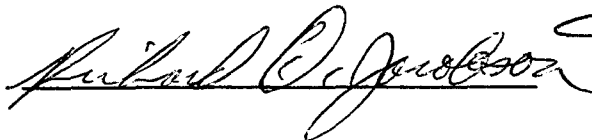
DATE OF DELIVERY:

Between August 1, 1977 and September 15, 1977.

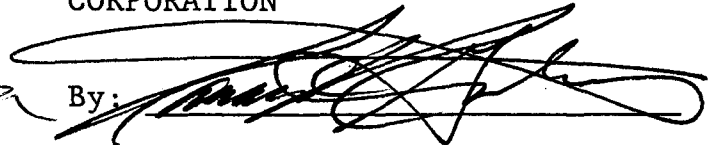
JACOBSON-LARSON INVESTMENT
COMPANY

NATIONAL RAILWAY UTILIZATION
CORPORATION

By:



By:



*Subject to verified escalation of parts supplied.

LEASE AND MANAGEMENT AGREEMENT

AGREEMENT, made this 13th day of July,
1977, between National Railway Utilization Corporation (NRUC) and
Jacobson-Larson Investment Company (Lessor);

W I T N E S S E T H:

WHEREAS, Lessor desires to lease to and place under the management of NRUC the boxcars described in any schedules from time to time attached hereto (the Boxcars); and

WHEREAS, NRUC is willing to lease the Boxcars from Lessor and assume and perform the management duties described herein, subject to the terms hereof, and to pay the rent provided herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

1. Scope of Agreement. Lessor agrees to deliver and lease the Boxcars to NRUC to be leased and managed by NRUC and placed in the service of a railroad controlled by NRUC or with which NRUC has entered a per diem lease subject to the terms of this Agreement.

2. Description of Boxcars. The Boxcars subject to this Agreement shall be a minimum of 65 Boxcars of the type and description set forth in any schedules executed by the parties at the time of execution of this Agreement or from time to time hereafter. The word "schedule" as used herein includes the schedule attached hereto at the time of execution and all additional schedules and amendments thereto whether for Boxcars or other railroad equipment, either of which when signed by both parties shall become part of this Agreement. It is the intent of the parties that Lessor shall at all times be and remain the owner of the Boxcars subject to the rights of NRUC hereunder and of the railroad whose markings are placed upon the Boxcars to utilize the Boxcars in its service until this Agreement is terminated subject to the provisions of this Agreement.

3. Term. This Agreement shall remain in force until it shall have been terminated as to all of the Boxcars. The term of this Agreement with respect to each Boxcar shall commence upon the

date of delivery of such Boxcar as provided in Paragraph 4 and shall continue for not less than ten (10) years, unless sooner terminated as hereinafter provided. Lessor shall have an option upon the conclusion of the primary term to extend this Agreement for an additional term of five (5) years upon the same terms and conditions. Notice of the exercise of this option shall be given to NRUC in writing not later than six (6) months prior to the expiration of the ten (10) year term.

4. Delivery and Acceptance of Cars. NRUC shall have the right to approve the manufacturer for all Boxcars made subject to this Agreement and may, in its sole discretion, specify that some or all of the cars be manufactured by the Golden Tye shops, provided that the price of the Boxcars shall be at the then current price for comparable boxcars manufactured by Golden Tye which price shall not exceed by more than ten (10%) percent the cost of comparable cars manufactured by other boxcar manufacturers.

Upon inspection by NRUC, if NRUC approves the manufacturer and if the Boxcars conform to any specifications prescribed by NRUC or by any governmental agency having jurisdiction and if this Agreement has not been terminated, NRUC will accept delivery of and lease such Boxcars and shall notify Lessor in writing of such acceptance.

5. Management Duties. The management functions to be performed by NRUC at its expense shall include those set forth in this Paragraph 5 and such other functions and duties as shall be agreed upon by the parties:

A. NRUC shall manage and arrange for the utilization of the Boxcars and shall perform all necessary administrative acts to ensure the proper utilization of said Boxcars and the protection of the Lessor's interest therein.

B. NRUC shall make available for the Boxcars the markings of a railroad controlled by NRUC or with which NRUC has executed a per diem lease. Lessor agrees that on or before delivery of the Boxcars to NRUC, the Boxcars shall be lettered with such railroad markings and the name and/or other insignia used by such railroad. Such name or insignia shall comply with all applicable regulations. The NRUC logotype insignia shall be affixed to each side of the cars in standard size.

C. NRUC shall prepare all documents for filing relating to the registration, maintenance and record keeping functions related to the use of the Boxcars in accordance with AAR railroad interchange agreements. Such matters shall include, but are not limited to, the preparation of the following documents: (i) appropriate AAR interchange agreements with respect to the Boxcars; (ii) registration for each Boxcar in the Official Railway Equipment Register and the Universal Machine Language Equipment Register directing, inter alia, that all correspondence from railroads using such Boxcars shall be addressed to NRUC; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies with respect to the Boxcars. Any record keeping performed by NRUC and all record of payments, charges and correspondence related to scheduled Boxcars shall be separately recorded and maintained by NRUC in a form suitable for reasonable inspection by Lessor from time to time during regular business hours of NRUC. NRUC shall supply Lessor with such reports regarding the use of the Boxcars as Lessor may reasonably request.

D. NRUC shall perform all car accounting services for the Boxcars and send reports to Lessor on a quarterly basis itemizing all revenues by Boxcar number and, if requested, itemizing mileage by state to the extent possible.

E. Except for property taxes, NRUC will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Boxcar during the term of this Agreement, including but not limited to all liability and property damage insurance, government fees, repairs, maintenance and servicing. Lessor hereby transfers and assigns to NRUC for and during the term of this Agreement all of its right, title and interest in any warranty in respect to the Boxcars. Any recovery under such warranty shall be made payable to NRUC. All proceeds from such recovery shall be used to repair or replace the Boxcars.

F. NRUC shall make or cause to be made such inspections of and maintenance and repairs to the Boxcars as may be required. NRUC shall also make or cause to be made at its expense, all alterations, modifications, or replacements of parts as shall be necessary to maintain the Boxcars in good operating condition (ordinary wear and tear excepted), as determined by NRUC, throughout the term of this Agreement. NRUC shall be responsible for arranging repairs and maintenance at its expense.

It is understood and agreed that NRUC is managing Boxcars for its own account and that NRUC may have conflicts of interest between the management of Lessor's Boxcars and other Boxcars owned, controlled or managed by NRUC. Although there can be no assurance that the Lessor's Boxcars will earn revenues equal to those of other Boxcars owned, controlled or managed by NRUC, NRUC agrees to use reasonable efforts to integrate the Boxcars of Lessor into the fleet of Boxcars controlled by NRUC and to manage the Boxcars in a manner consistent with the management by NRUC of Boxcars for its own account. NRUC shall have no liability under this Agreement except for misfeasance, bad faith or gross mismanagement.

6. Rental Charges. In consideration of the use of the leased Boxcars, NRUC agrees to pay quarterly the following rental charges to Lessor for the use of Lessor's Boxcars:

A. All of the mileage charges and car hire revenues (including both straight and incentive per diem) payable to NRUC or its subsidiary, Pickens Railroad, with respect to the Boxcars.

B. NRUC shall have no liability for any reclaims by any railroad of any car hire charges at any time.

C. NRUC may withhold from such rental charges the management and maintenance fees provided in Paragraphs 7 and 8.

Such rental charges shall be payable quarterly in arrears commencing on the first day of the third month following the end of the calendar quarter in which the cars are delivered and continuing quarterly thereafter.

7. Management Fees. In consideration for the management services to be performed by NRUC, Lessor agrees to pay \$4.20 per Boxcar for each day during the term of this Agreement, provided, however, that in the event the utilization rate in any calendar quarter averaged for all Boxcars subject to this Agreement is less than 86%, the management fee shall be reduced by six (6) cents per day per Boxcar for each one (1%) percent or portion thereof by which the utilization rate shall be less than 86% to a minimum daily charge per Boxcar of \$2.40 per Boxcar per day at 56% utilization. The management fee shall under no circumstances be less than \$2.40 per Boxcar per day. In the event the ICC during the term of this Agreement shall increase the aggregate car hire revenue (including incentive per diem) and mileage rates, NRUC shall be entitled to additional daily management fees equal to 50% of the increase in such car hire and mileage rates.

8. Maintenance Fee. Lessor shall pay to NRUC a maintenance fee of \$1.81 per Boxcar per day during the term of this Agreement. The maintenance fees shall be held in escrow by NRUC in an account completely segregated from all other funds of NRUC. The

termination of this Agreement any funds not expended for maintenance shall be retained by NRUC, provided, however, Lessor shall have the right to inspect the Boxcars at the termination of this Agreement to determine that the Boxcars are in good working order and repair (normal wear and tear excepted) and NRUC shall cause to be made at its expense such repairs as are necessary to restore the Boxcars to such condition. The maintenance fee shall be subject to increase (but not decrease) as follows:

If the prevailing Labor Rate established by the Association of American Railroads and in effect upon the expiration of each month from and after the date hereof shall differ from the Current Labor Rate of \$ 17.98, the maintenance fee shall be adjusted to be the product obtained by multiplying the maintenance fee by a fraction, the numerator of which is the Prevailing Labor Rate and the denominator of which is the Current Labor Rate, and the per car maintenance fee shall be revised to be the sum of \$1.81 per day and the adjusted maintenance fee. Any such adjustment shall be instituted by notice from NRUC to Lessor and shall take effect with respect to maintenance fees coming due next after the date of such notice; provided, however, that no adjustment shall be made which would reduce the maintenance fee below the initial maintenance fee.

9. Insurance. NRUC will at all times while this Agreement is in effect and at its own expense, cause to be carried and maintained insurance with respect to all Boxcars subject hereto, and all risks, physical loss or damage insurance in an amount sufficient to satisfy the remaining principal balance of debt, and public liability insurance in amounts and against risks customarily insured against NRUC on similar equipment. NRUC will furnish Lessor concurrently with the execution hereof and thereafter at intervals of not more than twelve (12) calendar months proof of insurance coverage for the ensuing year. NRUC will agree to advise Lessor promptly of any lapse of any such insurance or of any default of payment of any premium and of any other act or omission of NRUC of which it has knowledge which might, in its opinion, invalidate or render unenforceable, in whole or in part, any insurance on the Boxcars. All insurance

shall be taken out in the name of NRUC and Lessor (or its assignee) as their interests may appear. The policies or certificates shall provide that there shall be no recourse against Lessor for the payment of premiums and shall provide for at least twenty (20) business days prior written notice to be given to Lessor by the underwriters in the event of cancellation. If NRUC shall default in the payment of any premium in respect of any such insurance policies, Lessor may, but shall not be obliged to, pay such premium, and if Lessor does so, NRUC shall repay the amount thereof to Lessor on demand.

10. Possession and Use. NRUC shall be entitled to the possession of the Boxcars and shall also be entitled (i) to the use of the Boxcars by it or any affiliate upon lines of railroads owned or operated by it or any affiliate or upon lines of railroads over which NRUC or any such affiliate has trackage or other operating rights or over which railroad equipment of NRUC or any such affiliate is regularly operated pursuant to contract; (ii) to permit the use of the Boxcars upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements; and (iii) to sublease any Boxcar or Boxcars to other companies incorporated under the laws of any state of the United States or the District of Columbia, for use in connection with their operations, but only upon and subject to all the terms and conditions of this Lease; provided, however, that NRUC shall not assign or permit the assignment of any Boxcar to service involving the regular operation and maintenance thereof outside the United States of America.

NRUC agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and order of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either Lessor or NRUC may in good faith and by appropriate proceedings contest the application of any such rule, regulation, or order in any reasonable manner at the expense of the contesting party. NRUC will not directly or indirectly

create, incur, assume or suffer to exist, any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreement or Schedule thereto. NRUC will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time by persons claiming through or under NRUC.

11. Default.

A. The occurrence of any of the following events shall be events of default:

(i) The nonpayment by either party of any sum required hereunder to be paid by the other party within ten days after notice thereof;

(ii) The default by either party under any other term, covenant, or condition of this Agreement which is not cured within ten days after notice thereof from such party.

(iii) Any affirmative act of insolvency by NRUC, or the filing by NRUC of any petition or action under any bankruptcy, reorganization, insolvency, or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against NRUC that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of NRUC, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of the property of NRUC to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency which substantially impairs the capacity of NRUC to fulfill its performance under this Agreement.

B. NRUC hereby agrees to give Lessor prompt notice of any event specified in sub-paragraphs A(iii) through A(v) of this paragraph 11.

12. Remedies Upon Default. Upon the occurrence of any event of default, Lessor may, at its option, terminate this Agreement and may:

A. Proceed by appropriate court action to enforce performance by NRUC of this Agreement or to recover direct financial damages which result from a breach thereof (and NRUC agrees to bear Lessor's costs and expenses, including reasonable attorney's fees, in securing such enforcements); or

B. By notice in writing to NRUC, terminate the right of possession of NRUC of the Boxcars, whereupon all right and interest of NRUC in the Boxcars shall terminate; and thereupon Lessor may by its agents enter upon any premises where the Boxcars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of NRUC.

C. Upon the occurrence of breach of this Agreement by Lessor, NRUC may proceed by appropriate court action to enforce performance by Lessor of this Agreement or to recover direct financial damages which might result from a breach thereof (and Lessor agrees to bear the costs and expenses of NRUC, including reasonable attorney's fees, in securing such enforcements).

13. Termination. At the expiration or termination of this Agreement (except termination by Lessor by reason of default by NRUC under paragraph 11) as to any Boxcars set forth on a Schedule attached herein, NRUC will surrender possession of such Boxcars to Lessor by delivering the same to Lessor. The assembling, delivery, storage, and transporting of the Boxcars shall be at the expense and risk of Lessor. A Boxcar shall be deemed terminated and no longer subject to this Agreement upon removal of the railroad markings from the Boxcar placed thereon by NRUC and the placing thereon of such markings as may be designated by Lessor.

If such Boxcars are on the railroad line of NRUC or its affiliates upon such expiration or termination or are subsequently returned to NRUC's railroad line, NRUC shall grant immediate access to Lessor or Lessor's agents to remove the railroad markings from the Boxcars and place thereon such markings as may be designated by Lessor. NRUC will arrange for storage of such Boxcars for up to ninety (90) days at Lessor's expense; provided, however, that if storage cannot be arranged, Lessor shall cause the Boxcars to be removed from the line of NRUC or its affiliates within ninety (90) days from the termination of this Agreement; as to any such Boxcar not removed within such ninety (90) day period, NRUC shall have the right to ship the Boxcars under a scrap waybill.

If such Boxcars are not on the railroad line of NRUC or its affiliates upon termination, all costs of assembling, delivering, storing, and transporting such Boxcars, except as provided above, to NRUC's railroad line or the railroad line of a subsequent lessee shall be borne by Lessor.

From and after termination of this Agreement with respect to any Boxcar and until its return to Lessor, all revenues earned by such Boxcar shall be paid to Lessor after deducting the management fee provided in Paragraph 7. At the termination of this Agreement as to any Boxcars set forth on a Schedule attached herein by reason of the default of NRUC under Paragraph 11, the cost of assembling, delivery, storage and transportation of the Boxcars shall be at the expense and risk of NRUC.

14. Indemnities. NRUC will defend, indemnify and hold harmless Lessor from and against:

A. Any and all loss or damage of or to the Boxcars, usual wear and tear excepted;

B. Any claim, cause of action, damage, liability, cost or expense (including legal fees and costs to which the Boxcars may be subject or which may be incurred in any manner by or for the account of any such Boxcar) as a result of the use, maintenance, repair, replacement, operation or the condition thereof, except personal property taxes.

15. Warranties and Covenants. NRUC represents, warrants and covenants that:

A. NRUC is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

B. The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to NRUC, or result in any breach of or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of NRUC or on the Boxcars pursuant to any instrument to which NRUC is a party or by which it or its assets may be bound.

C. There is no action or proceeding pending or threatened against NRUC before any court or administrative agency or other governmental body which might result in any material adverse effect on the business properties and assets, or conditions, financial or otherwise, of NRUC.

D. There is no fact which NRUC has not disclosed to Lessor in writing, nor is NRUC a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as NRUC can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of NRUC or the ability of NRUC to perform its obligations under this Agreement.

E. NRUC or its affiliated railroad is eligible and entitled to collect incentive per diem charges on the Boxcars in the possession of other railroads and to apply the incentive per diem charges to the payment of all rentals due under this Lease.

F. Neither NRUC nor its counsel know of any requirements for recording, filing or depositing this Agreement other than pursuant to Section 20c of the Interstate Commerce Act, which is necessary to preserve or protect the title of Lessor or its assignee or mortgagee, in the United States of America.

Upon request of Lessor or its assignee or mortgagee at any time or times, NRUC shall deliver to Lessor an opinion of its counsel addressed to Lessor or its assignee or mortgagee, in form and substance satisfactory to Lessor or its assignee or mortgagee, which opinion shall confirm and be to the effect of the matters set forth in this Paragraph 15 A through F.

16. Sublease and Assignment.

A. NRUC shall not have the right to assign this Lease.

B. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to NRUC. This Lease and NRUC's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering the cars heretofore or hereafter created by Lessor. If Lessor shall have given written notice to NRUC stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by NRUC hereunder, NRUC shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by NRUC or an assignment by Lessor shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

17. Disposition Upon Expiration. Upon the expiration of the initial Lease term or the five (5) year extension thereof, whichever is later, Lessor may sell or lease the Boxcars or shall have the option of abandoning the Boxcars. Lessor shall give written notice as to which option it elects no later than six (6) months prior to the expiration of the initial Lease term or the five (5) year extension thereof. In the event the Lessor fails to give such notice, it shall be deemed to have abandoned the Boxcars and title thereto shall pass automatically to NRUC at the expiration of the Lease term or extension thereof. In the event Lessor elects to

sell or lease the Boxcars, NRUC shall be the exclusive agent for such sale or lease. In the event of disposition by lease, NRUC shall receive as a commission for its services 20% of the lease revenues. In the event of a disposition by sale, Lessor shall receive from the sales proceeds the first monies up to 5% of the original cost of the cars; NRUC shall receive from the next monies up to 5% of the original cost. Any sales proceeds in excess of 10% of the original cost shall be divided equally between NRUC and Lessor. All costs of transportation, assembly and storage incident to sale or lease shall be at the expense of the Lessor as provided in Paragraph 13.

18. Miscellaneous.

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

B. Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Lessor at: Post Office Box 224
Des Moines, Iowa 50301

NRUC at: 860 Suburban Station
1617 John F. Kennedy Boulevard
Philadelphia, Pennsylvania 19103

or at such other address as either party may from time to time designate by such notice in writing to the other.

C. NRUC shall keep the Boxcars free from any encumbrances or liens, which may be a cloud upon or otherwise affect the title of Lessor, which arise out of any suit involving NRUC or any act, omission or failure of NRUC or NRUC's failure to comply with the provisions of this Lease and shall promptly discharge any such lien, encumbrance or legal process. NRUC shall take all action requested by Lessor to confirm the interest of Lessor in the Boxcars as Lessor and that NRUC has no interest in the Boxcars other than as Lessee hereunder.

D. During the continuance of this Lease, Lessor shall have the right, at its own cost and expense, to inspect the Boxcars at any reasonable time or times wherever the Boxcars may be.

E. No failure or delay by either party shall constitute a waiver or otherwise affect or impair any right, power, or remedy available to such party nor shall any waiver or indulgence by either party or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof of the exercise of any other right, power or remedy.

F. This Agreement shall be governed by and construed according to the laws of the State of South Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date above written.

NATIONAL RAILWAY UTILIZATION CORPORATION

DATE:

July 9, 1977

BY:

John H. Ross
____ President

ATTEST:

Charles P. Turnbull
Atty & Sec

JACOBSON-LARSON INVESTMENT COMPANY

DATE:

7-13-77

BY:

Richard O. Jacobson
Richard O. Jacobson
Partner ~~President~~

ATTEST:

Charles P. Turnbull

STATE OF)
COUNTY OF)

On this _____ day of _____, 1977, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is _____ President of _____, and _____, to me personally known to be the _____ Secretary of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission Expires: _____

STATE OF PENNSYLVANIA)
COUNTY OF PHILADELPHIA)

On this 17th day of July, 1977, before me personally appeared JOHN F. REES, to me personally known, who, being by me duly sworn, says that he is _____ President of National Railway Utilization Corporation, and CHARLES P. TURNEBURKE, to me personally known to be the Asst. Secretary of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Thurday H. Allen

Notary Public

My Commission Expires: March 11-1980

EXHIBIT A

LEASE SCHEDULE NO. _____

Lease Schedule, dated this 13th day of July, 1977, by and between National Railway Utilization Corporation (NRUC), and Jacobson-Larson Investment Company (Lessor).

The Boxcars described herein are leased to NRUC subject to the terms and conditions of that certain Lease and Management Agreement, of which this Schedule is a part, between NRUC and Lessor, dated July 13, 1977.

DESCRIPTION OF CAR: 50', 70 ton Rigid Underframe Outside Stake Boxcar with 10' Sliding Doors @ \$32,500 per car*.

NUMBER OF CARS: 65

REPORTING NUMBERS AND MARKS:

NSL 100854 through 100918
SPECIFICATION DESIGNATED BY LESSEE:

National Railway Utilization Corporation Specifications

PLACE OF DELIVERY:

Golden Tye Division of NRUC, Pickens, South Carolina

DATE OF DELIVERY:

Between August 1, 1977 and September 15, 1977

JACOBSON-LARSON INVESTMENT
COMPANY

NATIONAL RAILWAY UTILIZATION CORPORATION

BY:

Richard D. Jacobson

BY:

John H. Bess

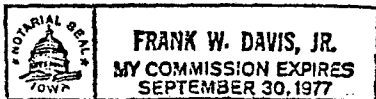
* Subject to verified escalation of parts supplied.

FOR THE LEGAL EFFECT OF THE USE
OF THIS FORM, CONSULT YOUR LAWYER

STATE OF IOWA, POLK COUNTY, ss:

On this 13th day of July, A. D. 1977, before me, the undersigned, a Notary Public
in and for the State of Iowa, personally appeared RICHARD O. JACOBSON

to me known to be the identical person named in and who executed the within and foregoing instrument, **to which**
this is attached, and acknowledged that ~~he~~ ^{he} executed the same as ~~his~~ ^{his} voluntary act and deed.



[Signature]
Notary Public in and for the State of Iowa

IOWA STATE BAR ASSOCIATION

Official Form No. 11 (Trade-Mark Registered, State of Iowa, 1987)

P-2 This Printing: May 30, 1975

(Section 354.39, Code of Iowa)

AMENDMENT TO LEASE AND MANAGEMENT AGREEMENT

This Amendment dated as of August 23, 1977 to Lease and Management Agreement dated July 13, 1977 between National Railway Utilization Corporation ("NRUC") and Jacobson-Larson Investment Company ("Lessor") (hereinafter called the Lease and Management Agreement),

For value received, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Section 8 of the Lease and Management Agreement is hereby deleted in its entirety and the following is hereby substituted:

"8. Maintenance Fee. Lessor shall pay to NRUC a maintenance fee of \$1.81 per Boxcar per day during the term of this Agreement. The maintenance fees shall be held in escrow by NRUC in an account completely segregated from all other funds of NRUC. The funds in such account shall only be used for maintenance. At the termination of this Agreement any funds not expended for maintenance shall be retained by NRUC, provided, however, Lessor shall have the right to inspect the Boxcars at the termination of this Agreement to determine that the Boxcars are in good working order and repair (normal wear and tear excepted) and NRUC shall cause to be made at its expense such repairs as are necessary to restore the Boxcars to such condition. The maintenance fee shall be subject to increase (but not decrease) as follows:

If the prevailing Labor Rate established by the Association of American Railroads and in effect upon the expiration of each month from and after the date hereof shall differ from the Current Labor Rate of \$17.98, the maintenance fee shall be adjusted to be the product obtained by multiplying the maintenance fee by a fraction, the numerator of which is the Prevailing Labor Rate and the denominator of which is the Current Labor Rate. Any such adjustment shall be instituted by notice from NRUC to Lessor and shall take effect with respect to maintenance fees coming due next after the date of such notice; provided, however, that no adjustment shall be made which would reduce the

maintenance fee below the initial maintenance fee."

2. Section 16B of the Lease and Management Agreement is hereby deleted in its entirety and the following is hereby substituted:

"B. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to NRUC. This Lease and NRUC's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering the cars heretofore or hereafter created by Lessor.

By making this Lease and NRUC's rights hereunder subject and subordinate to any such chattel mortgage, security agreement or equipment trust, it is the intent of the parties hereto that the beneficiary of any such chattel mortgage, security agreement or equipment trust shall be entitled either to affirm and continue this Lease unchanged or to terminate this Lease, at its sole option, upon the occurrence of any default under any such chattel mortgage, security agreement or equipment trust and/or upon the exercise of any remedy, including but not limited to a public or private sale, provided for in such chattel mortgage, security agreement or equipment trust.

If Lessor shall have given written notice to NRUC stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by NRUC hereunder, NRUC shall thereafter make such payments to the designated assignee.

The making of a sublease by NRUC shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee."

3. Section 17 of the Lease and Management Agreement is hereby deleted in its entirety and the following is hereby substituted:

"17. Disposition Upon Expiration: Upon the expiration of the initial Lease term or the five (5) year extension thereof, whichever is later, Lessor may sell or lease the Boxcars or shall have the option of abandoning the Boxcars.

Lessor shall give written notice to NRUC as to which option it elects. If NRUC has not received such notice six (6) months prior to the expiration of the initial Lease term or the five (5) year extension thereof, NRUC shall promptly give written notice to Lessor requesting an indication of Lessor's election. NRUC shall also send a copy of such notice to any assignee, pledgee, mortgagee or transferee of Lessor's rights hereunder known to NRUC. If NRUC has not received notice of Lessor's election three (3) months prior to the termination of the Lease or any extension thereof, the Boxcars shall be deemed abandoned and title thereto shall pass automatically to NRUC at the expiration of the Lease term or extension thereof. In the event Lessor elects to sell or lease the Boxcars, NRUC shall be the exclusive agent for such sale or lease. In the event of disposition by lease, NRUC shall receive as a commission for its services 20% of the lease revenues. In the event of a disposition by sale, Lessor shall receive from the sales proceeds the first monies up to 5% of the original cost of the cars; NRUC shall receive from the next monies up to 5% of the original cost. Any sales proceeds in excess of 10% of the original cost shall be divided equally between NRUC and Lessor. All costs of transportation, assembly and storage incident to sale or lease shall be at the expense of the Lessor as provided in Paragraph 13."

4. Exhibit A to the Lease and Management Agreement is hereby deleted in its entirety and a new Exhibit A in the form attached hereto is hereby substituted.

5. All other provisions of the Lease and Management Agreement

shall remain in full force and effect.

IN WITNESS WHEREOF this Amendment has been duly executed
as of the date first above written.

NATIONAL RAILWAY UTILIZATION CORPORATION

Corporate Seal

Attest:

By:

President

Charles P. Trunkle
Dkt Secretary

JACOBSON-LARSON INVESTMENT COMPANY

By:

Partner

STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

On this 22 day of August, 1977, before me personally appeared Ronald K Gooding, to me personally known, who, being by me duly sworn, says that he is Vice President of National Railway Utilization Corporation, and Charles P. Turnburke, to me personally known to be the Assistant Secretary of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

C. L. C. Kell

Notary Public

My commission expires: 11/19/79

STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

On this 22 day of August, 1977, before me, the undersigned, a Notary Public in and for the State of South Carolina, personally appeared Richard O. Jacobson to me known to be the identical person named in and who executed the within and foregoing instrument, to which this is attached, and acknowledged that he executed the same as his voluntary act and deed.

C. L. C. Kell

Notary Public in and for the State of South Carolina

My commission expires: 11/19/79

EXHIBIT A

LEASE SCHEDULE NO. 1

Lease Schedule, dated this 23rd day of August, 1977,
by and between National Railway Utilization Corporation ("NRUC"),
and Jacobson-Larson Investment Company ("Lessor").

The Boxcars described herein are leased to NRUC subject
to the terms and conditions of that certain Lease and Management
Agreement, of which this Schedule is a part, between NRUC and
Lessor, dated July 13, 1977, as amended August 23, 1977.

DESCRIPTION OF CAR: 50', 70 ton Rigid Underframe Outside Stake
Boxcar with 10' Sliding Doors @ \$34,000
per car*.

NUMBER OF CARS: 30

REPORTING NUMBERS AND MARKS:

NSL 100874 through 100903
SPECIFICATION DESIGNATED BY LESSEE:

National Railway Utilization Corporation Specifications.

PLACE OF DELIVERY:

Golden Tye Division of NRUC, Pickens, South Carolina.

DATE OF DELIVERY:

Between August 1, 1977 and September 15, 1977.

JACOBSON-LARSON INVESTMENT
COMPANY

NATIONAL RAILWAY UTILIZATION
CORPORATION

By: 

By: 

*Subject to verified escalation of parts supplied.